

City of Detroit


CITY COUNCIL

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ANNE MARIE LANGAN
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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director 

DATE: October 3, 2007

RE: Marathon Petroleum Company 328 New Personal Property Tax
Exemption Request (**Recommend Approval**)

Before your Honorable Body is a 328 New Personal Property Tax Exemption Request from Marathon Petroleum Company. The company also is requesting for a Michigan Small Business Tax (SBT) credit under the Brownfield Plan for the Marathon Oil Refinery Redevelopment Project, which is also before your Honorable Body from the Detroit Brownfield Redevelopment Authority.

The purpose of this report is to focus primarily on the merits of the 328 New Personal Property Tax Exemption request.

I want to personally express my appreciation for the responses I have received from the Marathon Petroleum Company representatives to my many questions on the abatement request. The responses have extremely helped me in formulating an opinion on the abatement proposal.

For Council's edification and the Clerk's records, Appendix A represents responses to my first set of questions, and Appendix B represents responses to my second and third set of questions. In addition, responses to my questions on various spreadsheets received from Marathon's financial representatives on the tax benefits and costs were extremely helpful. The spreadsheets are confidential and proprietary in nature, and they can be reviewed in my office upon request.

Project Description

The Marathon Petroleum Company proposes to invest at least **\$1.5 billion** in capital investments between its existing refinery site in Southwest Detroit located at 1300 South Fort Street, which is currently a Michigan Renaissance Zone, and the proposed Coker site. The Coker site is also the proposed Brownfield Redevelopment site, which is located at 1025 Oakwood Boulevard in Southwest Detroit.

Capital investments involve the installation of new and upgraded industrial refinery processing units, machinery and equipment for the purpose of upgrading and modernizing the refinery in such a way that it has the flexibility to process a wider range of crude oil feedstocks, including heavy Canadian crude oil (including Canadian "tar sands").

The project would enable Marathon's Detroit refinery to increase its capacity from approximately 100,000 barrels per day to approximately 115,000. In addition, Marathon Petroleum Company contemplates building a new 29-mile section of pipeline in Monroe and Wayne counties to connect to existing crude oil pipeline to deliver additional supplies of Canadian crude to the Detroit Refinery, which is Michigan's only refinery.

It should be noted that Canada's Alberta Province, north of Montana, is the source of this more viscous crude oil. The reserves, known as oil sands, contain 179 billion barrels of crude oil, placing Canada second only to Saudi Arabia in total world oil reserves.

In essence, the Marathon expansion project at the sites in Southwest Detroit and the construction of the new pipeline could significantly stabilize fuel supplies in this region and lessen dependence on foreign oil and fuel supplies.

Capital investments are estimated to cost as follows:

Refinery investment, existing Ren Zone site (includes additional machinery and equipment upgrades to existing refinery)	\$705,000,000
Refinery investment, Coker site-outside Ren Zone	
- a coker unit	\$450,000,000
- a sulfur recovery unit	183,391,000
- a hydrogen plant	104,829,000
Total new personal property investment at Coker site	\$738,220,000
Real estate investment, Coker site-outside Ren Zone	\$24,400,000
Pipeline	\$85,000,000
Total investment, existing Ren Zone Site, Coker site and Pipeline	<u>\$1,552,620,000</u>

In addition, Marathon Petroleum Company contemplates spending approximately \$90 million in pollution control equipment. The company would allocate \$43.9 million of this amount to the existing refinery/Ren Zone site, \$39.5 million to the Coker site and the remaining \$6.5 million to the Hydrogen Plant.

It should be noted that the project investment has increased from approximately \$1 billion to \$1.5/\$1.6 billion since July. Marathon has completed only about

30% of its engineering and design phase, so project estimates could still escalate. If Marathon's board approves the Detroit project by year-end, the final project cost estimate would be completed by early 2008, and the final project cost could exceed \$1.5 billion!

On a side note, to further show Marathon's commitment to Detroit, the company invested more than \$300 million during 2002-2005 at the existing Detroit refinery site to boost production capacity from 74,000 barrels per day to the current 100,000 barrels per day to produce low sulfur gasoline and ultra-low sulfur diesel fuel to meet clean air requirements. This project helped to sustain over 300 jobs in Southwest Detroit and increase the production of the refinery to a more competitive industry level. Council's approval of the Michigan Renaissance Zone at the existing refinery site significantly helped to make this investment a reality. The Ren Zone period started on January 1, 2003 and expires December 31, 2018.

Economic Impact

The Marathon Petroleum Company project investment described above would create 60 new fulltime refinery jobs and 75 additional fulltime contractor positions in addition to the 320 people and 160 contractors currently employed at the Detroit refinery. The additional payroll from the new jobs amounts to approximately \$16.5 million.

The average hourly pay rate for Marathon employees (including benefits and payroll related taxes) is currently about \$46, and the average hourly rate is about \$70 for the specialized contract employees. Based on these rates, the average job would pay in the neighborhood of about \$122,000, which obviously represents high paying jobs.

Marathon anticipates constructing the project in three years. The company looks to hire an average of 800 construction workers per day, peaking at 1,200 workers during the three-year construction period. Resulting payroll could range from \$40 million to \$160 million during the construction period.

Arguably, if project estimates escalate above \$1.5 billion, the number of new jobs could grow.

In addition, Marathon's proposed investment at the Detroit refinery site and Coker site could generate millions of dollars in spin-off spending in Michigan and the local communities.

Rationale for the 328 New Personal Property Request

Marathon Petroleum Company is requesting for a 20-year abatement period under the 328 New Personal Property Tax Exemption legislation. The 20-year abatement would apply to the company's investment of approximately \$738 million at the Coker site outside the Ren Zone. Under PA 328 of 1998, your Honorable Body could grant an exemption for any number of years it chooses, as long as a specific ending date is named.

For Council's information, Appendix C shows that six projects have been granted a 15-year abatement under PA 328, including Compuware, six projects a 20-year abatement, four projects a 25-year abatement, one project a 30-year abatement and one project a 50-year abatement in the State of Michigan since establishment of the act.

It is my understanding that the Planning & Development Department (PDD) will present to your Honorable Body a revised cover letter and resolution for your consideration to adopt a 20-year 328 new personal property tax exemption, commencing December 31, 2010 and ending December 30, 2030 for the Marathon project. Appendix D represents the cover letter and resolution, and the second resolved expresses the 20-year abatement period.

Marathon feels it needs the 20-year abatement on its new personal property investment of \$738 million at the Coker site for the following reasons:

1. The company has increased its investment estimate from the original figure of \$1 billion to over \$1.5 billion.
2. The company could better achieve its return on investment target, even with the increase in investment cost.
3. The company is not requesting for property tax abatement for its \$24 million real property investment on the Coker site.
4. The Michigan Ren Zone tax incentives start to expire in 2015, with full expiration in 2018.
5. The abatement, coupled with the \$10 million SBT credit that is currently before your Honorable Body, would lower the cost of the Detroit refinery/Coker site investment, allowing the Detroit project to better compete with the cost of doing an expansion project in Robinson, Illinois or St. Paul Park, Minnesota, which locations are also on the table. Without the new personal property tax exemption and SBT credit, the tax structures in Illinois

and Minnesota definitely make the projects in those locations more favorable and cost beneficial. **Simply put, it is hoped that if council approves the tax abatement and SBT credit for the Detroit project, Marathon's board of directors would look very favorable towards approving the expansion project in Detroit.** The board is expected to make its decision by year-end, or December 31, 2007. If the board approves the Detroit project, construction could start as early as Spring 2008.

Council should note that the Robinson refinery is much larger (192,000 barrels per days than the current Detroit location (100,000 barrels per day), and the St. Paul Park refinery slightly smaller (70,000 barrels per day) than the Detroit location. However, one advantage the Detroit site has over the Robinson location is that Marathon's investment in a pipeline project in Detroit could be substantially less than a pipeline project at this location. Again, the estimated pipeline project in Detroit is \$85 million. I do not have what a pipeline may cost if built in Robinson, however.

Based on the above analysis, it appears reasonable why Marathon is requesting a 20-year new personal property tax exemption.

Cost/benefit Analysis

Marathon Petroleum Company estimates the Detroit refinery/Coker site project would generate \$356 million in gross direct economic impact dollars over the 20-year abatement period. \$175 million as a result of the 328 new personal property tax exemption would offset this, if your Honorable Body approves. This leaves a **net direct economic benefit of \$181 million primarily to the City of Detroit, and to a smaller extent, to other taxing jurisdictions, over the 20-year abatement period.**

Again, these projections and calculations, with the assumptions behind them, are included on confidential documents/spreadsheets that your Honorable Body or staffs are welcomed to review in my office. But the following provides a summary of the benefits and costs.

Projected gross direct economic benefits (over 20 years)

City corporate income taxes	\$17,400,000
City individual/payroll income taxes	\$8,502,000

Real property taxes-Coker site	
-City (state education, general city, debt service, library, school debt, school operating, wayne county tax and Detroit admin fee)	\$16,656,000
-County (wayne county operating, jails, parks, HMCA, RESA, RESA Sp ED, community college and admin fee)	2,266,000
Total real property taxes	<u>\$18,922,000</u>
Personal property taxes-Ren Zone and Coker site	
-City	\$248,293,000
-County	44,323,000
Total personal property taxes	<u>\$292,616,000</u>
City utility user's taxes	<u>\$18,850,000</u>
Total estimated gross direct economic benefits	<u>\$356,290,000</u>

Less projected costs due to 328 new personal property
tax abatement (20 years)

Personal property taxes-Coker site	
-City	\$146,144,000
-County	29,093,000
Total personal property taxes abated	<u>\$175,237,000</u>

Project **net** direct economic benefits (over 20 years)

City corporate income taxes	\$17,400,000
City individual/payroll income taxes	\$8,502,000
Real property taxes-Coker site	
-City	\$16,656,000
-County	2,266,000
Total real property taxes	<u>\$18,922,000</u>
Personal property taxes-Ren Zone site	
-City	\$102,149,000
-County	15,230,000
Total personal property taxes	<u>\$117,379,000</u>
City utility user's taxes	<u>\$18,850,000</u>
Total estimated net direct economic benefits	<u>\$181,053,000</u>

Of the \$181 million in net direct economic benefits over the 20-year abatement period, the City of Detroit (City government, library, Detroit public schools, etc.) receives **\$165.5 million** of those benefits; and the other taxing jurisdictions in the County, \$17.5 million. In other words, the City of Detroit gets the benefit of receiving approximately **\$8.3 million annually on average** in new economic benefits from the Marathon Detroit refinery/Coker site project, after the affect of the tax abatement. I feel this is potentially a huge boost to the City of Detroit's coffers and economy.

It is also interesting to note that of the \$165.5 million that inures to the City of Detroit under this project, \$102 million in personal property taxes would come from the personal property investment in the Ren Zone and another \$16.6 million in real property taxes would come from the real property investment in the Coker site. This indicates that the bulk of the new revenues going to the City of Detroit under this project stems from the huge machinery, equipment and real property investments Marathon may be willing to make in Detroit, if Council approves the abatement/SBT credit.

Based on the above cost/benefit analysis, I think there a strong compelling argument exists for Council to approve the 20-year new personal property tax abatement, given the estimated net direct economic benefits derived from this very important project in Southwest Detroit.

Development Agreement

I understand a development agreement, signed by Marathon and City representatives, will be submitted to your Honorable for review and consideration during today's committee meeting. I have received a draft, and I have only had a chance to peruse through it.

Two key sections stand out. Section 5 deals with Marathon's commitment to use its commercially reasonable efforts to comply with the goals set forth in Executive Order No. 2007-1, and Executive Order No. 2003-4 for the jobs created in Section 2(a)(ii)-60 full time Marathon jobs, and Section 2(a)(iii)-75 full time contractor jobs. Sections 5 (a) and (b) speak to Marathon's commitment to conduct a job fair, in coordination with Detroit Workforce Development Department, to seek qualified Detroiters for this project. In addition, Workforce Development is to assist in developing a training program, and Marathon promises to fund scholarships for up to ten Detroiters to participate in the training program.

The other key section is Section 6, which deals with Marathon's commitment to comply with Environmental Laws and related commitments. Sections (a) through (g) provides a litany of environmental commitments the company voluntarily agrees to, including the installation of ambient air monitoring stations,

installation particulate matter controls, and as working with the City and County on environmental issues.

It appears Marathon Petroleum Company is making a strong concerted effort to be a good corporate citizen as it seeks tax relief to forge ahead and hopefully seek favorable approvals from both your Honorable Body and its Board of Directors.

Appendices A through D

cc: Council Divisions
Auditor General's Office
Garry L. Peiffer, Senior Vice President, Marathon Petroleum Company
Michael A. Garst, Tax Manager, Marathon Petroleum Company
Douglas Diggs, Planning & Development Department Director
Clinton Griffin, PDD Development Specialist
Roger Short, Chief Financial Officer
Pamela Scales, Budget Director
Brian Holdwick, Vice President, Detroit Economic Growth Corporation
Kandia Milton, Mayor's Office

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Appendix A



Garry L. Peiffer
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Finance and Commercial Services

Marathon Petroleum Company LLC

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September 14, 2007

Mr. Irvin Corley, Jr.
City Council Fiscal Analyst
City Council of Detroit
218 Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Dear Mr. Corley:

**Marathon Petroleum Company LLC
Detroit Refinery – Heavy Oil Upgrade Project**

We appreciate the opportunity to respond to your important questions about what could potentially be Michigan's largest construction project, if Marathon decides to proceed with the Detroit Heavy Oil Upgrade Project (HOUP) at our Detroit refinery (see attachments 1-6). We believe that the Detroit HOUP will not only stabilize crude oil supply to Michigan's only refinery, but increase fuel supplies, create jobs and provide an economic boost for the city and the entire region.

While we are still in the Front End Engineering and Design phase of this currently estimated \$1.5 billion plus potential project, we are providing data that is our best understanding of the potential of this project at this point in time. As we discuss job creation, please understand that we will do what we can to hire qualified Detroit residents for the 135 refinery jobs created by the Detroit HOUP, as well as focus our contractors on this hiring goal for the 800 construction jobs.

It is our intention to work closely with the Detroit Workforce Development Department and a local institution of higher education to develop curriculum and offer training for interested Detroit residents. We would expect some of this training to target scholarship opportunities for Detroit residents. In addition, we would sponsor a job fair for Detroit residents to learn about construction jobs available through Detroit HOUP independent contractors.

We at Marathon are excited about the positive impact that this project would have on the City's economy and note that in many cases our project will go beyond compliance in terms of current environmental regulations of the EPA and Michigan Department of Environmental Quality. We will do this not because we must, but because we have been a part of the Detroit community since 1959; and we have a corporate commitment to continue being a good neighbor.

In addition to the job opportunities created, our project has the potential of bringing Detroit millions of dollars of new income and property tax revenue each year. We estimate that in addition to the taxes that will be covered by our exemption request, approximately \$174 million of new corporate income taxes, payroll withholding taxes, property taxes, and utility user's taxes will be paid during the exemption period ending 2030, as detailed in the attached response to your questions. Please contact us if you would like further information or to discuss any issue related to the proposed Detroit HIOUP.

And, finally, we thank the City of Detroit and the Detroit Economic Growth Corporation for assistance they provided as we move forward in this process.

If you have further questions, please contact Angelia Graves at (419) 421-2703.

Sincerely,



GLP/lm

Attachments

cc : M. A. Garst
D. Lewis
R. Barr

Attachment 1

Questions & Responses on Marathon's Proposed Detroit Heavy Oil Upgrade Project

Marathon is pleased to respond to the following questions in advance of a completed Front End Engineering and Design (FEED) for the Detroit Heavy Oil Upgrade Project (HOUP). We have made every effort to provide the most accurate information, based on our current understanding of project needs and costs. While final costs are not expected to be materially different than projected in this document, it is possible that a completed FEED will provide precise engineering and design details that could increase or decrease the costs beyond those discussed in this document.

- 1. The project is expected to produce 135 jobs between Marathon Oil and its affiliates. Payroll is projected to increase by \$16.5 million.**

- a. Does this mean the average job pays \$122,222 (\$16.5 million/135)?**

Additional payroll created by the proposed Detroit HOUP is projected to be approximately \$16.5 million (including benefits and payroll-related taxes). The additional payroll represents the 60 new jobs created by Marathon, and the 75 new permanent contract jobs created by Marathon's third party contractor. The average hourly pay rate for Marathon employees (including benefits and payroll-related taxes) is currently about \$46.00, and the average hourly pay rate for the specialized contract employees (including benefits and payroll-related taxes) is currently about \$70.00. Applying these pay rates, the average job would pay about \$122,000 (including benefits and payroll-related taxes).

- b. If so, what type of jobs would these be?**

The new positions are expected to include safety representatives, engineers, refinery operators, maintenance employees, supervisors and other support personnel. The qualifications for these jobs are included in Attachment 2. Seven percent of the current work force at the Detroit refinery have advanced college degrees, approximately 27 percent have a bachelor's degree and the remaining 66 percent are high school graduates.

- c. Would all of the jobs be located in the City of Detroit?**

Yes, all the jobs will be located at the Detroit refinery, which is located in the City of Detroit.

- d. Currently, there are 320 people and 160 contractors employed by the Detroit refinery. Is the current payroll from these jobs over \$40 million?**

Yes, the annual payroll for Marathon employees is approximately \$42 million, including benefits costs and payroll-related taxes. In addition, Marathon annually pays contract workers approximately \$32 million.

- e. How much in income tax does the company currently pay annually?**

In 2004, Marathon paid \$17,949 in corporate city income taxes; and in 2005, Marathon paid \$23,950 in corporate city income taxes. For 2006, Marathon estimates it will pay approximately \$33,000 in corporate city income taxes.

In addition, in 2006, Marathon paid employee payroll withholding taxes of approximately \$408,000 to the City of Detroit.

Forecasting the anticipated income tax liability for the proposed Detroit HOUP is still subject to many unknown variables. Using Marathon's taxable income, as reported on the company's City of Detroit Income Tax Return (Form D-1065) for the period 2003-2005, and adjusting for the proposed increase in payroll and capital expenditures associated with the proposed Detroit HOUP, Marathon's estimated City of Detroit income tax liability would increase by an estimated average of \$870,000 per year. This significant increase is related to a substantial portion of the Detroit HOUP being located outside the refinery's existing Renaissance Zone.

- f. How many are people of color, women, and Detroit residents?**

Nearly 31 percent of Marathon's employees at the Detroit refinery are people of color or women. Please see Attachment 3 for a Detroit refinery Form EEO-1, which provides a detailed breakdown of the employment data requested. In addition, 8 percent of Marathon's employees at the Detroit refinery are Detroit residents.

Of Marathon's contractors, 50 percent of the employees based onsite at the Detroit refinery are people of color or women. In addition, 20 percent of the contract employees are Detroit residents.

Efforts are being made to improve diversity at all of Marathon's corporate locations. Diversity is a core value in our business strategy. We are committed to creating an inclusive environment in which all employees are respected and valued for the full range of talents, experiences, thoughts and opinions they bring to the workplace.

If this project goes forward, a comprehensive recruitment, job training, scholarship and retention program would be undertaken. Although details of this initiative are still in development, Marathon would incorporate best practices utilized at its recent job fair and recruitment program related to a major expansion at our Garyville, Louisiana, refinery. In addition, Marathon is seeking an alliance with local unions, the City of Detroit Workforce Development Department, and a local community college or university to develop a neighborhood job skills and training program and a scholarship program to substantially increase the number of nearby and other Detroit residents employed at the Detroit refinery during and upon completion of the project.

g. How many of the people of color and women are in management positions?

Approximately 16 percent of the managers at the Detroit refinery are people of color or women. Please see Attachment 3 for a Detroit refinery Form EEO-1, which provides a detailed breakdown of the employment data requested.

h. Does Marathon Oil currently have apprenticeship programs for Detroiters available? If not, will the company make them available in the future?

Marathon's Detroit refinery historically has not operated an apprenticeship program, but instead has readied employees to work at the refinery through an on-the-job training program. If this project goes forward, a comprehensive recruitment, job training, scholarship and retention program would be undertaken.

Although details of this initiative are still in development, Marathon would incorporate best practices utilized at its recent job fair and recruitment program related to a major expansion at our Garyville, Louisiana, refinery. In addition, Marathon is seeking an alliance with local unions, the City of Detroit Workforce Development Department, and a local community college or university to develop a neighborhood job skills and training program and a scholarship program to substantially increase the number of nearby and other Detroit residents employed at the Detroit refinery during and upon completion of the project.

2. Please assist in the cost/benefit analysis of this proposal.

a. Projected annual income tax revenue: \$330,000 (\$16.5 million payroll times 2%).

Forecasting the anticipated income tax liability for the proposed Detroit HOUP is still subject to many unknown variables. Using Marathon's taxable income, as reported on the company's City of Detroit Income Tax Return (Form D-1065) for the period 2003-2005, and adjusting for the proposed increase in payroll and capital expenditures associated with the proposed Detroit HOUP, Marathon's

estimated City of Detroit income tax liability would increase by an estimated average of \$870,000 per year.

Please see Attachment 4 for an estimate of the Individual Income Tax (payroll withholding tax) for the anticipated new construction jobs during 2008 through 2010, along with the 135 new refinery jobs to be created starting in 2009.

- b. Crude oil capacity would increase from 100,000 to 115,000 barrels per day (bpd). What does this mean in terms of additional revenues and taxes for the City of Detroit?**

Marathon projects crude oil capacity would increase from 100,000 to 115,000 barrels per calendar day if it moves forward with the Detroit HOUP. Please see the response in 2(a) regarding additional revenues, Detroit City income taxes, and payroll withholding taxes.

With regards to other taxes, Marathon currently anticipates that approximately \$25 million of its estimated \$750 million investment on the "coker site" and none of its estimated \$700 million investment at the existing Detroit refinery site will be classified as real property improvements. This will result in additional annual real property taxes ranging from \$700,000 to \$1.3 million over the next 20 years.

Furthermore, Marathon anticipates making significant investments in industrial tangible personal property in the existing Detroit refinery, and after taking into consideration the property tax effects of the Detroit refinery Renaissance Zone, Marathon estimates additional property taxes of approximately \$6 to \$7 million per year during the remaining term of the Renaissance Zone.

- c. The company looks to hire on average 800 construction workers per day, peaking at 1,200 workers during the three-year construction period. When would it peak at 1,200 workers during the construction period? A Crain's article said the new construction payroll would amount to \$250 million. This makes the projected income tax impact about \$5 million annually (\$250 million times 2%). Do you agree?**

Yes, the project is expected to require an average of 800 construction workers a day during the three-year construction period, peaking at about 1,200 in 2009. Please see Attachment 4 for the Individual Income Tax (payroll withholding tax) for the 2008 through 2010 time period for the new construction workers.

- d. Marathon Oil anticipates spending \$1.2 billion for more equipment and the creation of a 29-mile pipeline. Is there a general breakdown on the equipment and infrastructure that would be purchased/built? Based on these schedules, Marathon Oil anticipates paying \$1.7 million annually in property taxes beginning in the year when it's constructed?**

Currently, Marathon does not anticipate any of the proposed pipeline investment will be subject to property tax by the City of Detroit, as none of it is to be located in the City of Detroit. Please see the response to question 2(b) for a description of the estimated tax consequences for the proposed investment.

In addition, Marathon currently estimates that approximately \$750 million will be invested in refinery process units located on four contiguous parcels of property adjacent to the existing Detroit refinery and commonly referred to as the "coker property." The \$750 million investment is generally made up of:

- 1—a coker unit @ approximately \$450 million
- 2—a hydrogen plant @ approximately \$100 million
- 3—a sulfur recovery unit @ approximately \$190 million
- 4—real property improvements @ approximately \$25 million

Also, additional machinery and equipment upgrades to the existing refinery are estimated at approximately \$700 million. The anticipated investment in the pipeline portion of the project is approximately \$85 million.

- e. Does Marathon anticipate requesting for a 198 industrial property tax from City Council? If so, please provide the details of the investments and anticipated loss property taxes to the City of Detroit. Any abatement would be based on 12 years, correct?**

No, Marathon is not requesting an Act 198 industrial tax abatement, but instead is requesting only a P.A. 328 personal property tax exemption for that portion located on the "coker property." The abatement request is for a full exemption of taxes for a term ending 20 years after the completion of construction (through 12/30/30). No new abatements or exemptions, beyond application of the existing Renaissance Zone, are requested for the estimated \$700 million of additional investment on the existing Detroit refinery site.

- f. Based on letters from Wayne County Exec Robert Ficano, Marathon maybe seeking a 328 personal property tax exemption, if a refinery expansion project is eligible under PA 328. Have you received any clearance from the state that this project applies? If you are seeking a 328 exemption from the Detroit City Council, what is the level of investment, the projected annual property tax loss to the City and duration of the abatement being sought? It is assumed it is 12 years.**

Marathon is requesting a P.A. 328 personal property tax exemption for the proposed new personal property investment to be made on four contiguous parcels of property commonly referred to as the "coker property." The P.A. 328 exemption being requested is for an exemption from personal property taxes for a term ending 20 years after the completion of construction (through 12/30/30). The amount of personal property investment covered by the exemption is

currently estimated at approximately \$750 million. The estimated annual value of the personal property tax exemption declines as the personal property depreciates, and is forecasted to be a total of approximately \$176 million over the requested period.

Please see Attachment 5, a letter from the Michigan State Tax Commission, which discusses the eligibility of Marathon's investment for a P.A. 328 exemption, and their conclusion that "nothing...would cause us concern or would cause us to believe [that MPC's proposed investment]...is not personal property" for P.A. 328 purposes.

g. Is there an economic impact study on the spin-off affects available?

No, however, Marathon would anticipate the multiplied effect of its proposed investment to have significant direct and indirect positive benefits on the community.

- 3. In a simple way, please explain how this project would give Marathon Oil more flexibility to process a wider range of crude oil feedstocks, including heavy Canadian crude oil (including Canadian "tar sands"), which in turn would benefit Michigan motorists by tapping a more reliable and stable supply of crude oil for Michigan, resulting in a more stable supply of motor fuels for the region. Would this lower the price of motor fuels for Michigan motorists? This project does not impact the production of natural gas for motorists and homeowners, correct?**

If the Detroit HOUP proceeds, it will enable Marathon's Detroit refinery to process heavier, more viscous crude oil, such as those produced in Canada. The ability to process a wide range of crude oils offers the refinery flexibility in obtaining crude oil supplies. Since Canada is second only to Saudi Arabia in total proven oil reserves, having the ability to process Canadian crude oils provides a stability of source of crude oil for the refinery. The refinery would not have to rely on crude oils coming by pipeline from the U.S. Gulf Coast, which can be impacted by weather situations as was the case in 2005 with Hurricane Katrina.

Marathon hopes that the Detroit HOUP will help avoid or minimize local pricing impacts from supply interruptions that occasionally affect the Michigan gasoline market, though it is difficult to state what, if any, impact the additional, more stable crude oil supply from Canada to our Detroit refinery will have on gasoline prices.

This project would not impact the production of natural gas.

4. What other locations did Marathon Oil for this project consider?

Marathon continues to consider its Robinson, Illinois, and St. Paul Park, Minnesota, refineries for a project of this type.

5. How would pollution levels be minimized, and even decrease by 2011?

Over the last seven years, Marathon has invested about \$45 million to reduce emissions by more than 76 percent at the refinery. The refinery has permit emission limits for all of its emissions sources and operates at emission levels that are consistent with the best refineries in the nation.

Marathon will continue its excellent environmental performance by investing \$260 million in state-of-the-art air pollution control equipment and another \$50 million to enhance operation of its wastewater treatment facility. Collectively, these investments will minimize the amount of air quality and water quality pollution from the refinery.

6. Would the project proceed even if Marathon's board of directors do not approve the "FEED" work that is expected to be completed by the first quarter of 2008, even though construction for the refinery portion could begin at the end of 2007 (and be completed in the fourth quarter of 2010)?

For the project to proceed, it would require not only the approval of Marathon's board of directors, but also obtaining the applicable permits and the appropriate tax incentives from the City of Detroit and the State of Michigan. The estimated cost of this project will be finalized in the fourth quarter of 2007 at which time a decision by the Marathon Oil Corporation Board may be made.

7. What is the "Ambient Monitoring Station"?

Marathon proposes to voluntarily install a network of ambient air monitoring stations around the Detroit refinery to continuously verify compliance with the national ambient air quality standards (NAAQS). It is the company's intention to install the \$2 million ambient air monitoring stations whether or not the Detroit Heavy Oil Upgrade Project moves forward. The company will operate the stations at a cost of \$200,000 a year.

The NAAQS were established to ensure protection of human health and the environment. The ambient monitoring stations will also allow the refinery to quickly identify the source of an upset whether inside or outside the refinery. Marathon demonstrated an air monitoring station at its recent community open houses.

Marathon will periodically supply this data from the air monitoring station network to the Michigan Department of Environmental Quality, the Detroit refinery's Community Advisory Panel, and local community organizations including Southwest Detroit Environmental Vision.

8. **It appears Marathon Pipe Line LLC is currently "studying" whether to build a new section of pipeline in Monroe and Wayne counties. This new 29-mile section of pipeline would connect to Marathon's existing crude oil pipeline to deliver additional supplies of Canadian crude to the Detroit refinery. What happens to the project if the new pipeline isn't approved? What portion of the total \$1.2 billion investment does the pipeline represent? When approval of the project is anticipated?**

The pipeline is an integrated component to the Detroit HOUP and represents \$85 million of the investment. Marathon's board of directors is expected to consider the project during the fourth quarter of 2007.

9. **Please supply a copy of the company's RC14001 certification showing a third-party validation of the company's environmental control efforts, if the document is not too voluminous.**

The Certificate for the RC 14001 certification is Attachment 6. The Detroit refinery was the first refinery in the world to achieve this certification. The refinery also recently received the Community Builder Award from Southwest Detroit Environmental Vision for its outreach and contributions to the Southwest Detroit community.

10. **Would construction of a new pipeline cause any relocation of residents?**

No, the proposed pipeline project would not relocate any residents.

Forward Looking Statement

Except for historical information, this material contains forward-looking information with respect to a potential heavy oil refining upgrading project. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied from such information. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Marathon Oil Corporation has included in its Annual Report on Form 10-K for the year ended December 31, 2006, and subsequent Forms 10-Q and 8-K, cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Attachment 2

Qualifications for Marathon Positions for the Detroit HOUP

	MINIMUM QUALIFICATIONS
ACCOUNTANT	BS Accounting
PURCHASING REPRESENTATIVE	BS Accounting or Marketing
SAFETY PROFESSIONAL	BS Safety Related Field
ENVIRONMENTAL PROFESSIONAL	BS Environmental or Industrial Hygiene
PROJECT ENGINEER	BS Mechanical Engineering
PROCESS ENGINEER	BS Chemical Engineering
RELIABILITY ENGINEER	BS Mechanical Engineering
ELECTRICAL/INSTRUMENT COORD.	BS Electrical or Instrumentation Engineering
ECONOMIC PLANNER	BS Chemical Engineering
LABORATORY TECHNICIAN	BS Chemistry or Related Science
OPERATIONS FOREMAN	High School Graduate*
OPERATIONS TEAM LEADER	High School Graduate*
OPERATIONS PROCESS SPECIALIST	High School Graduate*
WAREHOUSE STAFF	High School Graduate*
REFINERY OPERATORS	High School Graduate
MAINTENANCE PLANNER	High School Graduate*
MAINTENANCE FOREMAN	High School Graduate*
MAINTENANCE INSPECTOR	High School Graduate
GENERAL MAINTENANCE POSITIONS	High School Graduate*
WELDER	Welding Certification
INSTRUMENT MECHANIC	Instrument Technology Degree or Experience
ELECTRICIAN	Journeyman's Card

*These are internally bid positions but will create vacancies that will need to be filled externally.

Attachment 3

CO= L384874
U= 1104914

EQUAL EMPLOYMENT OPPORTUNITY
2006 EMPLOYER INFORMATION REPORT

INDIVIDUAL ESTABLISHMENT REPORT - TYPE 4

SECTION B - COMPANY IDENTIFICATION

1. MARATHON PETROLEUM COMPANY LLC
539 SOUTH MAIN STREET
FINDLAY, OH 45840

2.a. MARATHON PETROLEUM COMPANY LLC
1300 S FORT ST
DETROIT, MI 48217

WAYNE COUNTY

c. Y

SECTION C - TEST FOR FILING REQUIREMENT

1-Y 2-Y 3-Y DUNS NO.:962993101

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 324110 Petroleum Refineries

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	MALE						FEMALE				
	OVERALL TOTALS	WHITE (NOT OF HISPANIC ORIGIN)	BLACK (NOT OF HISPANIC ORIGIN)	HISPANIC	ASIAN OR PACIFIC ISLANDER	AMERICAN INDIAN OR ALASKAN NATIVE	WHITE (NOT OF HISPANIC ORIGIN)	BLACK (NOT OF HISPANIC ORIGIN)	HISPANIC	ASIAN OR PACIFIC ISLANDER	AMERICAN INDIAN OR ALASKAN NATIVE
OFFICIALS AND MANAGERS	45	38	5	0	1	0	1	0	0	0	0
PROFESSIONALS	74	57	2	0	1	0	13	1	0	0	0
TECHNICIANS	15	9	2	0	0	0	0	3	1	0	0
SALES WORKERS	0	0	0	0	0	0	0	0	0	0	0
OFFICE AND CLERICAL	18	3	3	0	0	0	7	3	0	0	0
CRAFT WORKERS (SKILLED)	35	30	4	0	0	0	1	0	0	0	0
OPERATIVES (SEMI-SKILLED)	126	80	30	6	0	0	8	0	2	0	0
LABORERS	5	2	1	0	0	0	0	2	0	0	0
SERVICE WORKERS	1	0	0	0	0	0	1	0	0	0	0
TOTAL	317	219	47	6	2	0	31	9	3	0	0
PREVIOUS REPORT TOTAL	324	225	48	6	3	0	30	9	3	0	0

SECTION F - REMARKS

Marathon Petroleum Company LLC
Proposed Detroit Heavy Oil Upgrade Project
Estimated Incremental Taxes - Not Subject to Abatement
(rounded to nearest thousand)

All Values are for Estimation Purposes Only & Subject to Change

Year	Corporate Income Tax	Individual Income Tax*	Real Property Tax	Personal Property Tax	Utility Users Tax	Total
2008	\$ -	\$ 625,000	\$ -	\$ -	\$ -	\$ 625,000
2009	\$ -	\$ 2,595,000	\$ -	\$ -	\$ -	\$ 2,595,000
2010	\$ -	\$ 1,347,000	\$ -	\$ -	\$ -	\$ 1,347,000
2011	\$ 870,000	\$ 192,000	\$ 685,000	\$ 6,255,000	\$ -	\$ 8,002,000
2012	\$ 870,000	\$ 192,000	\$ 708,000	\$ 5,342,000	\$ -	\$ 7,112,000
2013	\$ 870,000	\$ 192,000	\$ 731,000	\$ 4,709,000	\$ -	\$ 6,502,000
2014	\$ 870,000	\$ 192,000	\$ 755,000	\$ 4,217,000	\$ -	\$ 6,034,000
2015	\$ 870,000	\$ 192,000	\$ 780,000	\$ 3,795,000	\$ -	\$ 5,637,000
2016	\$ 870,000	\$ 192,000	\$ 806,000	\$ 5,108,000	\$ 325,000	\$ 7,301,000
2017	\$ 870,000	\$ 192,000	\$ 832,000	\$ 6,219,000	\$ 650,000	\$ 8,763,000
2018	\$ 870,000	\$ 192,000	\$ 860,000	\$ 7,231,000	\$ 975,000	\$ 10,128,000
2019	\$ 870,000	\$ 192,000	\$ 888,000	\$ 7,833,000	\$ 1,300,000	\$ 11,083,000
2020	\$ 870,000	\$ 192,000	\$ 917,000	\$ 7,421,000	\$ 1,300,000	\$ 10,700,000
2021	\$ 870,000	\$ 192,000	\$ 948,000	\$ 6,802,000	\$ 1,300,000	\$ 10,112,000
2022	\$ 870,000	\$ 192,000	\$ 979,000	\$ 6,390,000	\$ 1,300,000	\$ 9,731,000
2023	\$ 870,000	\$ 192,000	\$ 1,011,000	\$ 5,978,000	\$ 1,300,000	\$ 9,351,000
2024	\$ 870,000	\$ 192,000	\$ 1,045,000	\$ 5,772,000	\$ 1,300,000	\$ 9,179,000
2025	\$ 870,000	\$ 192,000	\$ 1,079,000	\$ 4,741,000	\$ 1,300,000	\$ 8,182,000
2026	\$ 870,000	\$ 192,000	\$ 1,115,000	\$ 4,741,000	\$ 1,300,000	\$ 8,218,000
2027	\$ 870,000	\$ 192,000	\$ 1,151,000	\$ 4,741,000	\$ 1,300,000	\$ 8,254,000
2028	\$ 870,000	\$ 192,000	\$ 1,189,000	\$ 4,741,000	\$ 1,300,000	\$ 8,292,000
2029	\$ 870,000	\$ 192,000	\$ 1,229,000	\$ 4,741,000	\$ 1,300,000	\$ 8,332,000
2030	\$ 870,000	\$ 192,000	\$ 1,269,000	\$ 4,741,000	\$ 1,300,000	\$ 8,372,000
Total	\$ 17,400,000	\$ 8,407,000	\$ 18,977,000	\$ 111,518,000	\$ 17,550,000	\$ 173,852,000

* Payroll withholding taxes by the company.

Attachment 5

DESCRIPTION Marathon Coker Expansion
Combined Legal Description

Part of Private Claims 37, 50 and 667, and all of Lots 1, 2 and 3, "Hunter's Subdivision" of part of Private Claim 37, between Oakwood Avenue and the Michigan Central Railroad (Now Consolidated Railroad), Ecorse (Now City of Detroit), Wayne County, Michigan, as recorded in Liber 24, Page 54 of Plats, Wayne County Records, described as:

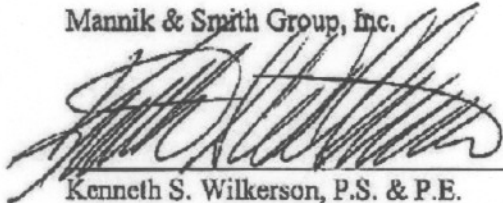
Commencing at the intersection of the southerly line of Oakwood Boulevard and the easterly line of Consolidated Railroad right of way and proceeding thence along the southerly line of Oakwood Boulevard, being the northerly line of Lots 1, 2 & 3 of said "Hunter's Subdivision" N 71° 46' 53" East 1549.22 feet; thence along the southerly line of Oakwood Avenue the following two (2) courses: 1) South 41° 59' 07" East 18.50 feet; and 2) North 72° 14' 11" East 316.15 feet; thence South 14° 31' 17" East 112.40 feet; thence South 31° 13' 55" West 1214.88; thence along the easterly line of Consolidated Railroad right of way the following two (2) courses: 1) along a non-tangent curve to the right having a radius of 1591.81 feet, central angle 21° 07' 38", the chord bears North 69° 54' 24" West 583.64 feet, a distance of 586.96 feet along the arc; and 2) North 59° 06' 19" West 740.18 being the westerly line of Lots 1, 2 and 3 of said "Hunter's Subdivision" to the point of beginning. Contains 22.174 Acres and is subject to easements and restrictions of record.

Survey Report

This description is based on a field survey in February 2007 with supplemental boundary survey in June 2007 and is a retracement of surveys by: 1) Inland Seas Engineering, 2) Nowak & Fraus, Inc., and 3) G. Stanley & Associates.

Bearings are based on grid North, Michigan State Plane Coordinates as established by Global Positioning System (GPS) techniques

Mannik & Smith Group, Inc.



Kenneth S. Wilkerson, P.S. & P.E.
Michigan Professional Surveyor No. 21584

June 22, 2007

Date





DET NORSKE VERITAS

MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 8299-2007-AE-USA

This is to certify that

MARATHON PETROLEUM COMPANY LLC DETROIT REFINERY

at

1300 South Fort Street, Detroit, MI 48217 USA

has been found to conform to the Management System Standard:

**American Chemistry Council Technical Specification
Responsible Care® 14001:2005 and ISO 14001:2004**

This Certificate is valid for the following product or service ranges:

**THE ENVIRONMENTAL, HEALTH, SAFETY AND SECURITY MANAGEMENT
SYSTEM ASSOCIATED WITH THE REFINING OF PETROLEUM PRODUCTS.**

Initial Certification date:

06 July 2007

This Certificate is valid until:

06 July 2010

*The audit has been performed under the
supervision of*

Richard H. Demboski
Lead Auditor

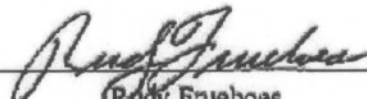


Place and date:

Houston, Texas, 06 September 2007

for the Accredited Unit:

**DET NORSKE VERITAS
CERTIFICATION INC., HOUSTON TEXAS**


Rüdiger Frueboes
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION INC., 16340 PARK TEN PLACE, HOUSTON, TX 77084, TEL: 281-721-6600 - WWW.DNVCERT.COM

Appendix B

In Response to Questions of September 17, 2007:

1. Please provide the detail spreadsheets, including assumptions, for Attachment 4 of your response package that reflects the estimated revenues that would be generated from the Detroit oil upgrade project over the proposed 20-year span of the new personal property tax abatement. Please also provide the details for the estimated new personal property tax loss to the City per your response at question 2.d.
 - A. **Please see attached.**
2. Why don't the corporate income tax, individual income tax and utility users tax projections show any growth calculations on Attachment 4?
 - A. **Marathon does not project taxes this far into the future. Consequently, we have kept the tax projections flat and have not utilized a growth factor, so that we do not overstate the estimated incremental tax impact from the proposed project.**
3. Why does the utility users tax revenue start kicking in 2016?
 - A. **The utility users tax phases in as the Detroit refinery Renaissance Zone phases out, beginning in 2015 through the end of 2017. The phase-in is 25% of the applicable tax rate in 2015; 50% of the applicable tax rate in 2016; and 75% of the applicable tax rate in 2017. The utility users tax is fully phased in by 2018.**
4. When does the Renaissance Zone expire on the existing Marathon site?
 - A. **The current Detroit refinery Renaissance Zone expires on December 31, 2017.**
5. In general, when you compare the new revenues of \$174 million per Attachment 4 to the loss of \$176 million from the new personal property tax exemption over the 20-year abatement period, it appears the City of Detroit is not really gaining from the project. Now, I am considering factoring in a multiplier to the new revenues, or a portion thereof, which I am sure, would generate a more positive return to the City. However, I may not have to consider a multiplier based on your answer to my growth questions under question 2 above.

Meanwhile, if you go back to your original request for a 15-year abatement, the City would net approximately \$41.5 million from the project, without the growth/multiplier assumptions. Similarly, the City would net approximately \$25 million under a 17-year abatement, without the growth/multiplier

assumptions. Therefore, even a 17-year abatement period appears more attractive to the City than a 20-year one. I would appreciate your reaction.

- A. Without the 23-year P.A. 328 exemption, the proposed investment of more than \$1.5 billion is expected to generate approximately \$350 million in new tax revenue. If the 23-year P.A. 328 exemption is approved, then the net tax benefit from the project is estimated at approximately \$174 million.**

Another way to say this is if the Detroit City Council grants Marathon's request for a 23-year tax exemption on the coker site, an estimated \$174 million in new taxes will be produced after the tax exemption.

In addition, a significant portion of the investment is being made in the existing Detroit refinery property, for which no new tax incentives are being requested. Approximately \$24 million would be invested in real property improvements with no tax incentives requested, which is expected to generate significant incremental tax revenue to the City, making a 23-year P.A. 328 exemption more appropriate.

It would help, too, if you could share what the City of Detroit is competing against in terms of tax incentives being offered at the Robinson, Illinois and St. Paul Park, Minnesota sites. In other words, how does the Detroit proposal compete with the other sites if the State of Michigan/City Council approve the \$10 million Single Business Tax (SBT) break, and if the City Council approves the \$176 million PA 328 new personal property tax break over the 20-year period.

- A. In the states of Illinois and Minnesota, refinery machinery and equipment are not subject to personal property taxation. In the states of Illinois and Michigan, refinery machinery and equipment are taxed as part of the refinery's overall taxable assessed value, which is determined through the local assessor.**

In addition, Illinois currently provides an exemption from property taxation for investment made in machinery and equipment that serves to reduce pollution from the end product produced by the refinery. The State of Michigan, only exempts investments in machinery and equipment that reduce point-specific pollution at the individual refinery process unit level. Overall, the system of property taxation is more favorable for refinery investment in Illinois and Minnesota, as compared to that in Michigan and the City of Detroit.

Furthermore, Illinois offers several different tax incentive programs including the "Economic Development for a Growing Economy" Program, the Enterprise Zone Program and other tax incentives that are designed to reduce the costs of doing business in Illinois, when compared with similar costs in other states (i.e. Michigan).

6. Who is Marathon's third party contractor that would create the new permanent contract jobs for this project?
 - A. **Marathon has not yet selected a third party contractor for the new permanent contract jobs for this project. Marathon is currently working with the Fluor Corporation for the Front End Engineering and Design phase of the project.**
7. The letter from the Michigan State Tax Commission for Attachment 5 was missing. Please provide.
 - A. **Please see attached.**
8. The \$260 million in state-of-the-art air pollution control equipment and another \$50 million to enhance operation at the wastewater treatment facility would be located at the coker site where the 328 abatement apply, correct?
 - A. **The estimated \$260 million investment in pollution control equipment and \$50 million investment in waste water pre-treatment equipment will be made throughout the existing Detroit refinery and coker site.**



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

August 8, 2007

Mark Hilpert
Honigman, Miller, Schwartz and Cohn
222 North Washington Square
Suite 400
Lansing, MI 48933

Dear Mr. Hilpert:

This is in response to your letter of July 19, 2007 regarding personal property for Marathon Petroleum. As I believe you are aware, PA 328 of 1998 provides a 100% property tax exemption for specific businesses located in eligible distressed communities. This exemption is for all new personal property placed in the district. The local unit determines the number of year to be granted for the exemption, applications are submitted and the State Tax Commission gives ultimate approval.

The State Tax Commission determination of qualification of the property as new personal property is dependent on the information submitted by and the approvals provided by the local unit in their resolution. Simply stated, if the local assessor indicates that the property in question is personal property and will be personal property on the assessment roll and if they include all the required information in the resolution, then the applications are processed and the Commission gives their approval. There is nothing in the information you submitted that would cause us concern or would cause us to believe this is not personal property.

Staff is available to work with the City to ensure that the resolution contains the required information. Should you have any other questions or need any additional information, please feel free to contact me at any time.

Sincerely,

Kelli Sobel, Executive Secretary
State Tax Commission

AUG 15 2007

In Response to Questions of September 27, 2007:

1. According to the cover memo from Planning & Development Department (PDD) requesting Council's adoption of the resolution for the 328 tax abatement for the Marathon Oil project, the 328 application has been forwarded to the Finance Department's Assessors Division for approval and the Planning Commission for their concurrence. Has Marathon received approval of the abatement from the Assessors Division? Has the Planning Commission given its concurrence of the project?
 - A. **Marathon has not received communication from either the Assessors' Division or the Planning Commission.**
2. The second Resolved of the adopting resolution references a tax abatement period of 12 years; however, it is my understanding Marathon Oil is requesting for a 20-year abatement. Assuming this is still the case, the resolution needs to be corrected to reflect the 20-year abatement period.
 - A. **The Resolution should describe the 328 term as ending on December 30, 2030, which would be 20 years after the expiration of the expected 3-year construction term.**
3. According to your first responses, approximately \$750 million would be spent on the "Coker" or Brownfield Redevelopment parcel, and the \$700 would be spent at the existing Marathon refinery site, for a total project approximating \$1.5 billion. A key reason why you are requesting now for a 20-year abatement is due to the new investment level of \$1.5 billion versus the \$1 billion. Please provide a breakdown of the \$1.5 billion investment versus the \$1 billion one and the rationale for the additional investment of \$500 million.
 - A. **We have consistently stated that this project was expected to cost in excess of \$1 billion. Marathon has completed only about 30% of the Front End Engineering and Development (FEED) phase of the project. As such, we continue to make changes and revisions to this estimate. The cost change is due to updated information today versus our original estimates. The final project cost estimate is expected to be completed in early 2008, and we continue to believe that the final project cost will be more than \$1.5 billion**
4. Marathon previously reported the permanent new hires of 135 and up to 1,200 in construction jobs even with the project investment level of \$1 billion. With the additional investment level of \$500 million, is there a possibility of additional new permanent/construction jobs?
 - A. **As noted above, we have consistently stated that the cost of this project was in excess of \$1 billion. The number of construction jobs,**

permanent Marathon jobs and post-construction jobs has not changed at this time. We expect to finalize these numbers at the completion of the FEED phase.

Appendix C

ACT 328 EXEMPTION APPROVALS

City	Company Name	Project Location	Years
Carrollton Twp.	Concentric Network Corporation	1405 Tittabawassee Road	15
Detroit	Compuware Corporation	Campus Martius	15
Ironwood	Ironwood Plastics, Inc.	1235 Wall Street	15
Lansing	BioPort Corporation	3500 North Martin Luther King, Jr. Blvd.	15
Owosso	Tuscarora, Inc.	123 North Chipman Street	15
Owosso	Woodard, LLC	210 South Delaney Road	15
Bessemer	Bessemer Plywood Corporation	1000 Yale Avenue	20
Buena Vista Twp.	Delphi Automotive Systems, LLC	3900 Holland Road	20
Flint	The Herald Company, Inc. (The Flint Journal)	200 East First Street	20
Pontiac	General Motors Corporation	895 Joslyn Road	20
Saginaw	General Motors Corporation	1629 North Washington	20
Wyandotte	BASF Corporation	1609 Biddle Avenue	20
Flint	General Motors Corporation	3100 Van Slyke & 920 East Hamilton	25
Iron Mountain	Northern Star Industries	1809 North Stephenson Avenue	25
Lansing	General Motors Corporation	Millett Highway	25
Pontiac	General Motors Corporation	2100 Opdyke Road	25
Saginaw	Hemlock Semiconductor Corporation	12334 Geddes Road	30
Lansing	Jackson National Life Insurance	3200 Okemos Road	50

328 Activity List For All Years

COUNTY	CERT	COMPANY	PROJECT	BEGIN	END	STATE	STATE	NUMBER
LOCAL UNIT	NUMBER	NAME	LOCATION	DATE	DATE	APPROVAL	DENIAL	OF YEARS
						DATE	DATE	
Allegan								
City of Holland								
	052-2004	Challenge Manufacturing Company	1400 South Pine	12/3/2003	12/30/2015	3/10/2004		12
	067-2004	Haworth, Inc.	One Haworth Center	8/4/2004	12/30/2016	2/8/2005		12
	086-2005	Challenge Manufacturing Company	1400 South Pine & 1347 Washington	9/21/2005	12/30/2017	3/1/2006		12
	087-2005	S2 Yachts, Inc.	725 East 40th Street	8/17/2005	12/30/2017	3/1/2006		12
Calhoun								
City of Albion								
	064-2004	Guardian Fiberglass, Inc.	1000 East North Street	6/21/2004	12/30/2014	1/25/2005		10
City of Battle Creek								
	076-2005	Hoover Universal, Inc.	76 Armstrong Road	11/16/2004	12/30/2017	10/25/2005		12
Sheridan Twp.								
	081-2005	Continental Carbonic Products, Inc.	2625 B Drive North	10/18/2005	12/30/2017	12/22/2005		12

COUNTY									
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS	

Cass

City of Dowagiac

034-2001	IEP Chieftain Power Development, LLC	Dowagiac Industrial Park					11/7/2001	0
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Delta

City of Escanaba

033-2001	Engineered Machined Products, Inc.	3111 North 28th Street	8/16/2001	12/30/2011	11/28/2001			10
048-2003	Clare Bedding Manufacturing Company	433 Stephenson	9/4/2003	12/30/2013	12/15/2003			10
100-2006	Delta Manufacturing	3707 19th Avenue North	9/7/2006	12/30/2018	11/29/2006			12

City of Gladstone

059-2004	VanAire Inc.	840 Clark Drive	6/14/2004	12/30/2011	10/28/2004			7
075-2005	AG Solutions, Inc.	3560 South Joquist Drive	7/11/2005	12/30/2012	10/25/2005			7

Dickinson

City of Iron Mountain

060-2004	Northern Star Industries, Inc.	1809 North Stephenson Avenue	8/16/2004	12/30/2029	10/28/2004			25
----------	--------------------------------	------------------------------	-----------	------------	------------	--	--	----

Genesee

COUNTY	CERT	COMPANY	PROJECT	BEGIN	END	STATE	STATE	NUMBER
LOCAL UNIT	NUMBER	NAME	LOCATION	DATE	DATE	APPROVAL	DENIAL	OF YEARS
DATE						DATE	DATE	
City of Flint								
	003-1998	Flint's Largest Hotel	One Riverfront Center West				2/3/1999	0
	012-1999	General Motors Corporation	3100 Van Slyke & 920 East Hamilton	10/25/1999	12/30/2024	2/2/2000		25
	035-2001	AI-Flint, LLC	Matthew Drive	4/9/2001	12/30/2013	12/28/2001		12
	037-2001	AI-Genesee, LLC	4400 Matthew Drive	11/12/2001	12/30/2013	2/27/2002		12
	045-2003	The Herald Company, Inc. (The Flint Journal)	200 East First Street	10/14/2002	12/30/2022	9/9/2003		20
Gogebic								
City of Bessemer								
	047-2003	Bessemer Plywood Corporation	1000 Yale Avenue	2/25/2003	12/30/2023	9/9/2003		20
City of Ironwood								
	049-2003	Ironwood Plastics, Inc.	1235 Wall Street	10/27/2003	12/30/2018	2/10/2004		15
Houghton								
Calumet Twp.								
	002-1998	Calumet Electronics Corporation	1010 Depot Street	10/30/1998	12/30/2008	2/3/1999		10

COUNTY								
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS
	016-2000	Royale, Inc.	209 Wolverine Street	3/10/2000	12/30/2010	5/22/2000		10
	107-2006	Calumet Electronics Corporation	25830 Depot Street	11/22/2006	12/30/2016	5/5/2007		10
Ingham								
City of Lansing								
	001-1998	Jackson National Life Insurance	3200 Okemos Road	11/16/1998	12/30/2048	12/30/1998		50
	006-1999	General Motors Corporation	920 Townsend Avenue	6/28/1999	12/30/2013	9/22/1999		14
	026-2000	General Motors Corporation	Millett Highway	6/5/2000	12/30/2025	12/28/2000		25
	057-2004	Neogen Corporation	301 North Hosmer	3/29/2004	12/30/2010	9/28/2004		6
	090-2006	L&S Associates, Inc.	3101 Technology Boulevard	12/12/2005	12/30/2011	3/22/2006		6
	094-2006	Neogen Corporation	720 East Shiawassee	3/14/2006	12/30/2012	5/22/2006		6
	095-2006	Bridgewater Interiors, LLC	Canal & Mount Hope Highway	2/27/2006	12/30/2018	5/22/2006		12
	096-2006	Android Industries, Delta Township, LLC	Canal & Mount Hope Highway	5/8/2006	12/30/2018	9/26/2006		12

COUNTY								
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS
Ionia City of Ionia	097-2006	LDM Technologies, Inc.	Mount Hope Highway	5/8/2006	12/30/2018	9/26/2006		12
	098-2006	BioPort Corporation	3500 North Martin Luther King, Jr. Blvd.	3/27/2006	12/30/2021	9/26/2006		15
	102-2006	Niowave, Inc.	1012 North Walnut	8/28/2006	12/30/2012	11/29/2006		6
	106-2006	Loomis, Ewert, Parsley, Davis & Gotting, P.C.	124 West Allegan Street	10/9/2006	12/30/2012	2/5/2007		6
Jackson City of Jackson	058-2004	Brown Corporation of Ionia, Inc.	314 South Steele Street	1/20/2004	12/30/2016	9/28/2004		12
	101-2006	Meridian Automotive Systems, Inc.	14 Beardsley	10/3/2006	12/30/2018	11/29/2006		12
	104-2006	Orion Manufacturing, Inc.	480 Apple Tree Drive	11/8/2006	12/30/2018	2/5/2007		12
	008-1999	Ambs Message Center, Inc.	338 West Franklin Street	6/20/1999	12/30/2011	9/22/1999		12
	029-2001	Consumers Energy Company	212 West Michigan Avenue	1/23/2001	12/30/2015	5/14/2001		14

COUNTY	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS
	056-2004	Industrial Steel Treating Company	1410 W. Ganson & 806 Carroll Street	5/25/2004	12/30/2016	9/28/2004		12
Kalamazoo								
City of Kalamazoo								
	032-2001	Bigg/Gilmore Communications, Inc.	214 Kalamazoo Avenue	7/9/2001	12/30/2006	9/26/2001		5
	079-2005	Stryker Corporation	NE Sec 2 T3S-R11W	5/16/2005	12/30/2011	11/30/2005		6
	082-2005	Aggregate Industries - Central Region	911 Hatfield Street	10/17/2005	12/30/2010	3/1/2006		5
Kent								
City of Grand Rapids								
	011-1999	Standard Supply & Lumber Company	1535 Kalamazoo Avenue				2/2/2000	0
	055-2004	Notions Marketing Corporation	1500 Buchanan, Southwest	2/17/2004	12/30/2016	4/14/2004		12
	069-2005	Knape & Vogt Manufacturing Company	2700 Oak Industrial Drive, NE	3/1/2005	12/30/2017	5/9/2005		12
	085-2005	NTH Consultants, Ltd.	1430 Monroe Avenue	10/18/2005	12/30/2017	3/1/2006		12
City of Wyoming								
	089-2006	Michigan Turkey Producers, LLC	1100 Hall Street	7/18/2005	12/30/2013	3/1/2006		8

COUNTY									
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS	

Mecosta

City of Big Rapids

053-2004	Simonds International Corporation	120 Pere Marquette Street	1/20/2004	12/30/2016	4/14/2004			12
054-2004	Big Rapids Products	1313 Maple Street	2/16/2004	12/30/2016	4/14/2004			12

Menominee

City of Menominee

071-2005	Enstrom Helicopter Corporation	2209 22nd Street	10/17/2005	12/30/2015	11/30/2005			10
072-2005	Anchor Coupling Inc.	5520 13th Street	10/17/2005	12/30/2015	11/30/2005			10
073-2005	LE Jones Company	1200 34th Avenue	10/17/2005	12/30/2015	11/30/2005			10
074-2005	Menominee Acquisition Corporation	144 First Street	10/17/2005	12/30/2015	11/30/2005			10
080-2005	Lloyd Flanders Industries, Inc.	2010 10th Street	10/17/2005	12/30/2015	11/30/2005			10
083-2005	Great Lakes Pulp Company	701 Fourth Avenue	10/17/2005	12/30/2015	12/22/2005			10

Monroe

City of Monroe

COUNTY								
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS

	099-2006	PreBesto Homes, LLC	1530 East Front Street	6/19/2006	12/30/2016	9/26/2006		10
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Muskegon

City of Muskegon Heights

	013-1999	Lift-Tech International, Inc.	414 Broadway Avenue	10/25/1999	12/30/2004	10/26/2000		5
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Oakland

City of Pontiac

	066-2004	General Motors Corporation	895 Joslyn Road	5/6/2004	12/30/2024	1/25/2005		20
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	078-2005	General Motors Corporation	2100 Opdyke Road	6/16/2005	12/30/2030	10/25/2005		25
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City of Southfield

	070-2005	Raymond James & Associates, Inc.	25900 Telegraph Road	2/28/2005	12/30/2008	6/14/2005		3
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	077-2005	J & L America, Inc.	20901 Lasher Road	5/16/2005	12/30/2008	10/25/2005		3
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Owosso

City of Owosso

	043-2002	A.O. Smith Electrical Products Company	200 Universal Drive	11/4/2002	12/30/2014	12/30/2002		12
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COUNTY	CERT	COMPANY	PROJECT	BEGIN	END	STATE	STATE	NUMBER
LOCAL UNIT	NUMBER	NAME	LOCATION	DATE	DATE	APPROVAL	DENIAL	OF YEARS
						DATE	DATE	

	044-2002	Target Industries, Inc.	222 South Elm	11/18/2002	12/30/2010	12/30/2002		8
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Saginaw

Buena Vista Twp.

	007-1999	Energy Solutions Insulation, Inc.	525 Morley Drive	3/22/1999	12/30/2002	2/2/2000		3
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	009-1999	Delphi Automotive Systems, LLC	3900 Holland Road	7/21/1999	12/30/2019	9/22/1999		20
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	023-2000	Griffin Beverage Company	1901 Dam Road	12/28/1999	12/30/2011	10/26/2000		4
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	028-2000	Alchem Aluminum, Inc.	Nodular Road	10/27/2000	12/30/2008	12/28/2000		8
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	065-2004	Alchem Aluminum Inc.	2600 Nodular Drive	4/26/2004	12/30/2012	2/8/2005		8
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Carrollton Twp.

	018-2000	Concentric Network Corporation	1405 Tittabawassee Road	5/8/2000	12/30/2015	9/6/2000		15
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City of Buena Vista

	051-2003	Means Industries, Inc.	3715 East Washington	10/27/2003	12/30/2008	2/10/2004		5
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City of Saginaw

COUNTY								
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS
	010-1999	Delphi Automotive Systems, LLC	2328 East Genesee Avenue	8/9/1999	12/30/2019	2/2/2000		20
	014-1999	Means Industries, Inc.	1811 South Jefferson	12/6/1999	12/30/2009	2/2/2000		10
	015-1999	Fullerton Tool Company, Inc.	121 Perry Street	12/6/1999	12/30/2009	2/2/2000		10
	019-2000	Eaton Corporation Engine Components	1000, 1113, 1201, 1220 Rust	6/5/2000	12/30/2012	9/6/2000		12
	025-2000	The Saginaw News	203 South Washington	10/9/2000	12/30/2012	11/28/2000		12
	030-2001	Floyd P. Kloc, Law Office	2719 State Street	2/5/2001	12/30/2007	8/29/2001		5
	031-2001	Saginaw Diversified Services, LLC	302 Waller	3/19/2001	12/30/2013	8/29/2001		12
	039-2002	General Motors Corporation	1629 North Washington	8/12/2002	12/30/2022	12/10/2002		20
	084-2005	Hemlock Semiconductor Corporation	12334 Geddes Road	6/27/2005	12/30/2034	3/1/2006		30
Spaulding Twp.								
	027-2000	Hausbeck Pickle Company, Inc.	3444 East Street	10/16/2000	12/30/2006	12/28/2000		6
	063-2004	Gosen Tool & Machine, Inc.	2054 Brettrager	9/20/2004	12/30/2009	1/25/2005		6

COUNTY	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	STATE APPROVAL DATE	STATE DENIAL DATE	NUMBER OF YEARS
Saint Clair								
City of Port Huron								
	068-2005	SMW Automotive Corporation	3150 Dove Street	1/24/2005	12/30/2007	4/12/2005		2
	088-2005	ALD Thermal Treatment	2656 24th Street	7/11/2005	12/30/2007	3/1/2006		2
Schoolcraft								
City of Manistique								
	103-2006	Online Engineering, Inc.	400 North Cedar Street	9/11/2006	12/30/2018	2/5/2007		12
Shiawassee								
City of Owosso								
	020-2000	GKN Sinter Metals, Inc.	1525 West King Street	7/17/2000	12/30/2012	9/6/2000		12
	036-2001	TiAL Products, Inc.	615 Cass Street	11/5/2001	12/30/2013	2/27/2002		12
	038-2001	Alliance - HNI, LLC	525 South Gould Street	12/3/2001	12/30/2013	2/27/2002		12
	040-2002	Tuscarora Inc.	123 North Chipman Street	10/21/2002	12/30/2018	12/10/2002		15
	046-2003	Woodard, LLC	210 South Delaney Road	4/21/2003	12/30/2018	9/9/2003		15
Tuscola								

COUNTY	CERT	COMPANY	PROJECT	BEGIN	END	STATE	STATE	NUMBER
LOCAL UNIT	NUMBER	NAME	LOCATION	DATE	DATE	APPROVAL	DENIAL	OF YEARS
DATE						DATE	DATE	
City of Vassar								
	021-2000	Larsen Graphics, Inc.	1065 East Huron Avenue	2/21/2000	12/30/2005	10/26/2000		5
	022-2000	Tiercon Components Inc.	50 Enterprise Drive	12/31/2000	12/30/2010	10/26/2000		10
	050-2003	Peters Manufacturing Company, Inc.	215 South Sherman Street	7/7/2003	12/30/2006	2/10/2004		0
Washtenaw								
City of Ypsilanti								
	024-2000	Forest Health Services Corporation	135 South Prospect	6/20/2000	12/30/2005	11/28/2000		5
	042-2002	Visteon Corporation	128 Spring Street	10/30/2002	12/30/2014	12/10/2002		12
Wayne								
City of Detroit								
	005-1999	Compuware Corporation	Campus Martius	4/26/1999	12/30/2014	4/27/1999		15
	041-2002	Thyssenkrupp Budd Company	12141 Charlevoix	10/29/2002	12/30/2011	12/10/2002		9
	091-2006	Bodman LLP	2000 Brush Street	12/14/2005	12/30/2018	4/10/2006		12
	092-2006	Michigan Box Company	1910 Trombly	6/29/2005	12/30/2017	5/8/2006		12

COUNTY						STATE	STATE	
LOCAL UNIT	CERT NUMBER	COMPANY NAME	PROJECT LOCATION	BEGIN DATE	END DATE	APPROVAL DATE	DENIAL DATE	NUMBER OF YEARS

	093-2006	PricewaterhouseCoopers LLP	Gratiot and Saint Antoine Streets	12/14/2005	12/30/2017	5/22/2006		12
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City of Highland Park

	017-2000	Brian Unlimited Distribution, Inc.	13700 Oakland Avenue	5/1/2000	12/30/2012	9/6/2000		12
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	061-2004	Eastown Distributors	14400 Oakland Avenue	8/16/2004	12/30/2008	1/25/2005		4
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	062-2004	Coca-Cola Enterprises Inc.	12225 Oakland Avenue	10/4/2004	12/30/2018	2/8/2005		12
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City of Wyandotte

	105-2006	BASF Corporation	1609 Biddle Avenue	11/13/2006	12/30/2026	2/5/2007		20
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Appendix D

CITY OF DETROIT
PLANNING & DEVELOPMENT DEPARTMENT

2300 CADILLAC TOWER
DETROIT, MICHIGAN 48226
PHONE 313-224-6380
FAX 313-224-1629
WWW.CLDetroit.MI.US

October 2, 2007

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

Re: Adoption of Resolution to Provide Tax Exemption for New Personal Property; Pursuant
to Public Act 328 of 1998 on behalf of the Marathon Petroleum Company, LLC

Honorable City Council:

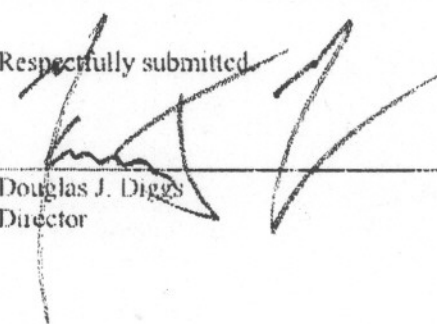
The Planning and Development Department has received and reviewed an application for tax exemption of new personal property from the Marathon Petroleum Company, LLC. The application has been forwarded to the Finance Department's Assessors Division for approval and the Planning Commission for their concurrence. The Marathon Petroleum Company, LLC has submitted a list of new personal property totaling some \$738,220,000.

Attached for your consideration please find a resolution, legal description and description of new personal equipment that is eligible for exemption of taxation in accordance with Public Act 328 of 1998.

PA 328 of 1998 states that the governing body of an eligible local assessing district may adopt a resolution which provides for the exemption of all new personal property of an eligible business located in an eligible district designated in the resolution.

The Act provides that the approved exemptions of new personal property becomes effective on next December 31st following the approval of the resolution by the governing body of the local assessing district. We therefore request that you approve the resolution at your next regular formal session.

Respectfully submitted,


Douglas J. Diggs
Director

DJD/CG/eg

cc:

K. Milton, Mayor's Office
C. Nyeche
B. Watkins
V. Upshaw
D. Wendt

KWAME M. KILPATRICK, MAYOR

**RESOLUTION APPROVING APPLICATION
FOR NEW PERSONAL PROPERTY FROM
MARATHON PETROLEUM COMPANY, LLC**

By Council Member _____

WHEREAS, Marathon Petroleum Company, LLC (the "Applicant"), an oil refinery business engaged primarily in modernizing the refinery in such a way that it has flexibility to process a wider range of crude oil feedstock, including heavy Canadian crude oil operations, thus a qualified business as defined by Public Act 328 of 1998 (the "Act"), has filed an Application for Exemption of New Personal Property under Act in City of Detroit in the manner and form prescribed by the Michigan State Tax Commission; and

WHEREAS, this City of Detroit is an Eligible Distressed Area as defined by the Act; and

WHEREAS, this City Council on April 30, 1998 established by Resolution the City of Detroit Brownfield Development Zone in accordance with the 1998 PA 328 and

WHEREAS, the Applicant is not delinquent in any taxes related to the facility; and

WHEREAS, the Application is for new personal property as that term is defined in the Act, which property is to be owned by the Applicant; and

WHEREAS, at the time the Certificate is issued, have the reasonable likelihood of increasing and/or retaining employment, increasing commercial activity, revitalizing an urban area, or increasing the number of residents in the community in which the facility is located; and

WHEREAS, on September 18, 2007 in the City Council Committee Room, 13th Floor, Coleman A. Young Municipal Center, Detroit, Michigan, a discussion was held on aforesaid application, at which time the Applicant, the Assessor, the general public, and representatives of the affected taxing units had an opportunity to be heard; and

WHEREAS, notice was given by certified mail to the Detroit Board of Education, the City of Detroit Board of Assessors, the Wayne County Board of Commissioners, Wayne County Community College, the Wayne County Intermediate School District, the Huron-Clinton Metropolitan Authority, the Applicant, and by publication to the general public, informing them of the receipt of the Application, the date and location of the Public Hearing, and the opportunity to be heard;

NOW THEREFORE BE IT

RESOLVED, That it is hereby found and determined that the Applicant has complied with the requirements of the Act; and be it further

RESOLVED, That the application of Marathon Petroleum Company, LLC, for a new Personal Property Exemption Certificate, in the City of Detroit is hereby approved for a period of twenty years commencing December 31, 2010 and ending December 30, 2030 for the facility in accordance with the provisions of the Act; and be it finally

RESOLVED, That the City Clerk shall forward said Application to the Michigan State Tax Commission as provided by the Act.